



Beyond Chocolate



Belgian Sustainable Chocolate Program

PROPOSAL FOR THE PERIOD 2022 - 2025

IDH SUSTAINABLE TRADE INITIATIVE



Belgium
partner in development



**the sustainable
trade initiative**

Belgian Sustainable Chocolate Program

Proposal for 2022 – 2025

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1. Introduction

1.1 Previous phase and evaluation outcomes

The Belgian cocoa processing and chocolate industry plays a leading role in the global cocoa sector. Belgian chocolate is not only a popular product in Belgium itself, but also in many other parts of the world. Belgium is one of the largest manufacturing countries and biggest exporters of cocoa and chocolate products in the world. In 2018, of the 700.000 tonnes of chocolate products produced in Belgium, 649.131 was exported to other countries. In 2020, Belgium was also the largest cocoa bean exporter in Europe with 224.000 tonnes.

In 2018 the Belgian Ministry of Development Cooperation through its Directorate General Development (DGD) assigned IDH, the Sustainable Trade Initiative (IDH) to scope the possibilities for a public-private initiative that would work towards a more sustainable production and supply of cocoa products for Belgian Chocolates. IDH successfully concluded the assignment with the signing of the Beyond Chocolate partnership agreement by a large and varied group of stakeholders in Antwerp on the 5th of December 2018.

Beyond Chocolate is the Partnership for a sustainable Belgian chocolate industry. Public and private partners in the initiative are working to end deforestation, stimulate education for future generations and enable living incomes for cocoa growing households (see chapter 2 for details).

From 2019 onwards, IDH was contracted by DGD for a period of three years¹ to set up a governance structure and convene² the new partnership, manage a public co-funding program for pilot projects in the cocoa sector, measure verifiable progress and effects against a jointly agreed set of indicators and communicate on the commitment and results of the different partners' activities and contributions.

A mid-term evaluation was to be done to assess the progress and interim results after the first 30 months. The performance and results of IDH and the Beyond Chocolate partnership in the period 2019-2021 were assessed by an independent evaluator, KIT Royal Tropical Institute (Amsterdam), contracted by DGD. The main findings, conclusions and recommendations were reported upon by the evaluator on February 16th, 2022³.

Based on the findings of the mid-term review (see table 1 for a summary overview), the independent evaluator concluded that Beyond Chocolate and IDH have been successful in reaching most of the results and outcomes. The first phase of Beyond Chocolate can therefore be seen as a general success. The evaluator concludes that *“it was a viable choice to engage IDH to manage the initiative. IDH is well positioned to coordinate multi-stakeholder initiatives and has in-house expertise on cocoa related matters, particularly on living income.”*

¹ The Beyond Chocolate program was planned for a period for five years and IDH was contracted for an initial period of 3 years, after which an evaluation would take place.

² Convening in the context of this programme is the process of bringing partners together and aligning the contributions and commitments of the different stakeholders to ensure the programme's objectives are achieved effectively and efficiently.

³ Evaluation of the multi-stakeholder initiative 'Beyond Chocolate' by KIT Royal Tropical Institute (Feb. 16th, 2022)

Table 1: Summary of main findings on the results and outcomes of mid-term review by KIT (2022)

| Results | Outcomes | Target reached? |
|--|--|-----------------|
| Result 1: Uniting and supporting the Belgian cocoa industry | 1: the steering committee of the Beyond Chocolate partnership has been formed and is giving direction to the programme in accordance with its mandate and the required timetable. | Yes |
| | 2: The number of signatory partners of the Beyond Chocolate Partnership has remained stable or increased compared to the number on 5 December 2018. | Yes |
| | 3: The progress of the Beyond Chocolate partnership in terms of sustainability and operational is monitored annually and communicated to the public. | Yes |
| | 4: At least two annual Beyond Chocolate working groups are organized and attended by a majority of Beyond Chocolate partner organizations. | Yes |
| Result 2: Improving the effectiveness/efficiency of sustainability initiatives within the Belgian chocolate sector | 5: A first call for proposals has been successfully implemented and the project partners of 3 to 5 co-financed projects have signed a contract. | Yes |
| | 6: 67% of the co-financing is taken up by project partners. | On track |
| | 7: The objective of a living income for cocoa producers is included in the projects. | Yes |
| | 8: The projects are adequately monitored. There will also be a report on the progress of the projects and the first lessons will be shared within Beyond Chocolate. | Yes |
| Achievement at impact level | 9: The volume of chocolate produced and/or sold in Belgium and covered by a sustainability programme or certification standard has increased from 46% (2018) to more than 60% (2021). | Yes |
| | 10: Beyond Chocolate partners (in particular the cocoa traders and cocoa processing companies) are fully aware of the agreements made within the Cocoa & Forests Initiative (CFI) and have drawn up an equivalent plan of action | Partially |
| | 11: More than 75,000 small-scale cocoa producers are reached through the Beyond Chocolate co-financed projects and other sustainability initiatives within the market. | On track |
| | 12: Beyond Chocolate's partners have launched new chocolate products that raise the bar in terms of sustainability and create a new dynamic in the market | Yes |

1.2 Recommendations for the continued support by DGD

In November 2021 the Steering Committee of Beyond Chocolate listed a series of priorities for the coming years to be pursued by the Beyond Chocolate partners. These priorities included:

- The IDH Secretariat should prioritize the guidance of and support to partners, towards effectively pursuing the 2030 sustainability targets in the production countries;

- The link between the pilot projects and system change is not sufficiently elaborated. Furthermore, to move to system change, a more detailed and explicit learning agenda for the pilot projects needs to be created;
- Through Beyond Chocolate the Belgian cocoa sector takes responsibility, but input from producing countries cannot be left out. In the first place the contact with the public sector should be strengthened, but also cooperatives, farmer organizations and local civil society actors should be included more directly;
- Further alignment and collaboration with the other national initiatives on sustainable cocoa (ISCO's) should be a priority for Beyond Chocolate, but we should also not lose sight of the national specificities of the initiative.
- Raising accountability through the further improvement of the monitoring framework, which should be a continuous effort of Beyond Chocolate together with the other ISCOs. Progress on the ground should become more measurable through a combination of partner reporting and joint impact studies.

The mid-term evaluation recommends building on progress made during the start-up phase (2018) and the first years of implementation (2019-2021). The external evaluator recommends seeking further improvement by incorporating / emphasising the following elements:

- Develop a clearer 'theory of change' for the partnership's implementation strategies also including a definition of the Beyond Chocolate spheres of control and influence, and a recognition of the more sensitive topics such as farm gate pricing, value distribution in the chain, etc.;
- Improve the existing monitoring, evaluation and learning framework for addressing attribution of Beyond Chocolate activities to outcome and impact linked to the overall theory of change;
- Improve the level of accountability of the individual partners with partners reviewing their individual commitments, and having their own 'roadmaps' and reporting on their progress and effects;
- Find ways and means to enhance the effectiveness and efficiency of the ongoing and new pilot projects co-funded by DGD in terms of learning, scaling and ease of implementation;
- Further improve the internal and external communication processes, including with the stakeholders in West Africa.
- Seek for further alignment and coordination with existing platforms in consuming countries (ISCO's) as defined in the Memorandum of Understanding⁴ (2020). Define and implement a collaborative framework at ISCO-level to align with and reinforce relevant developments in producing countries.

The Steering Committee's priorities and the mid-term review outcomes and recommendations together provide the basis for a new proposal outlining IDH's continued support for the Beyond Chocolate partnership and co-funding by the Belgian Ministry of Development Cooperation. The proposed extended period will cover a nearly four-year period up to the end of 2025.

⁴ https://www.idhsustainabletrade.com/uploaded/2020/09/MOU_cocoa-platforms_2020.06_Completed.pdf

2. Background of “Beyond Chocolate”

2.1. Overall objectives

The overall goal of the “Beyond Chocolate” partnership for sustainable chocolate is to support the transformation of the Belgian chocolate sector to sustainably improve the living conditions of the cocoa producers (m/f/x) and their families in cocoa production regions that are relevant for the Belgian chocolate sector. The activities of the partnership in these regions will contribute to:

- Raising the livelihoods of male and female cocoa producers
- Improved level of participation and access to education of children
- The sustainable use of forests, water, soils, and other natural resources.

The partnership is committed to making a considerable contribution to the attainment of the UN Sustainable Development Goals (SDGs). The most relevant SDGs are listed in the final text of the engagement⁵.

The interventions of the private and public sector, and the civil society organisations will be focused on selected cocoa production regions. In those regions an estimated total of around 140,000 cocoa producers⁶ and their families will get better access to knowledge and information, to resources for sustainable cocoa production intensification, quality improvements and/or farm diversification, credit and other financial services necessary for investments in sustainable farming system improvements. Supply chain arrangements between cocoa farming families and their cooperatives on the one hand and the cocoa traders and brands on the other may be part of the interventions by Beyond Chocolate partners. This may include changes in payment systems, premiums, conditional cash transfers, etc.

2.2. Engagements⁷

The partners of ‘Beyond chocolate’ will be jointly responsible for the following engagements:

- I. Latest by 2025 all chocolate produced and/or traded in Belgium will be certified sustainable and/or is produced with cocoa from the company’s own sustainability programs. By then also the existing arrangements between Governments and private sector on the areas covered by the Cocoa & Forests Initiative will be respected by the relevant stakeholders in the Beyond chocolate partnership.
- II. Latest by 2030 the partners will make sure that (a) cocoa producers will earn at least a minimal income and (b) further deforestation as a result of cocoa cultivation will have been halted.

⁵ https://www.idhsustainabletrade.com/uploaded/2019/07/BC-Program-2020_EN.pdf

⁶ In 2019, it was estimated by the University of Ghent that it requires around 140,000 cocoa growers to produce the annual Belgian chocolate production. This number was used in the initial partnership document. However, changes in volumes of cocoa traded and in producing practices can impact this number. It is therefore important to note that the program targets “all cocoa producers supplying the Belgian chocolate market”.

⁷ The engagements of partners in Beyond Chocolate are defined in the Program Documents signed by partners on December 5th 2018 - https://www.idhsustainabletrade.com/uploaded/2019/07/BC-Program-2020_EN.pdf

2.3. Contributions

To realise the objectives of the Beyond chocolate partnership each of the signatories has pledged contributions in line with their own capacities, mandates and/or core business activities. The different contributions are described in the final engagement text dated 5 December 2018 and are summarised below. With each annual reporting round, partners are invited to report on and review their individual commitments.

- By 2025 the members of Choprabisco (Royal Belgian Association of the Chocolate, Praline, Biscuit and Candies Industry) will buy all their cocoa ingredients from a sustainable source (either certified sustainable or from one of the companies' sustainability programs). This will require an increase from the current level of 42% to 100% sustainably sourced cocoa ingredients. The combined costs of the members will by then amount to Euro 30-35 million per year. After deduction of costs for traceability, auditing and overheads, the largest part of that amount will become available for sustainability initiatives in the production regions through the certification programmes and the sustainability programmes of the couverture makers. Choprabisco is committed to making living income for cocoa growers in the production regions possible before 2030.
- The supermarket chains have promised to contribute by increasing their share of sustainably certified chocolate in their range of products (in particular their own brands) and will gradually demand more of their suppliers to also comply with living income standards for farmers and workers in their supply chains.
- The Federal Government has pledged to make Euro 1.0 million per year available in the period 2019 – 2023 for co-funding project activities that lead to innovation or improvement of the existing cocoa sustainability initiatives. Companies, development organizations and knowledge institutes can propose innovative project ideas to be executed in the cocoa production countries and may receive co-funding for their projects if the projects meet a set of prescribed criteria developed by IDH and are endorsed by the Beyond Chocolate steering group and DGD. Furthermore, the Federal Government will continue to support the realisation of the objectives through contributions by its Trade for Development Centre (Enabel) and cocoa sector investments by BIO-Invest.
- Different impact investors have pledged investment support in farmer organisations and business activities that contribute towards scaling up of sustainable production and supply practices in the cocoa value chains.
- The certification organisations have promised to provide data and information on the sustainability progress in the different regions and will work with partners in the chain to raise the sustainability standards, in particular related to farmer income and halting deforestation.
- The NGOs, unions and academic organisations have been contributing their knowledge, networks and experiences in relation to promoting sustainable practices, improving farming practices, natural resources management and strengthening farmer organisations.

3. Roles and responsibilities of IDH

3.1. Objectives and deliverables

The partners of the “Beyond chocolate” initiative have been bearing joint responsibility for the implementation of their respective pledges and contributions. To make sure that the partners will be able to jointly deliver the overall objectives as formulated in the Beyond Chocolate covenant, IDH, the Sustainable Trade Initiative will continue to provide management and communication support to the partnership.

Generally speaking, IDH will have to achieve two objectives:

1. The stakeholders in the Belgian cocoa and chocolate sector are facilitated to work together and deliver on their respective pledges towards a sustainable cocoa sector;
2. Improved effectiveness and efficiency of existing (public and private) sustainability initiatives in the Belgian chocolate sector.

The table below provides an overview of the expected impact, objectives and deliverables of the IDH coordination, monitoring and communication in the context of the ‘Beyond Chocolate’ partnership.

| | | | | | |
|-------------------|--|---|---|--|--|
| Impact | By 2030, 140,000 small scale cocoa farmers (m/f/x) in Africa, Asia and Latin America earn a living income and deforestation linked to their cocoa production is halted. | | | | |
| Objectives | 1: To convene and facilitate the Belgium cocoa and chocolate sector in the implementation of the commitments on sustainability issues. | | | 2: To improve effectiveness and efficiency of existing (private) sustainability initiatives in the Belgian chocolate sector. | |
| Outcomes | Outcome 1.1: Change in sourcing criteria of private sector (cocoa traders, processors, brands / chocolatiers & retail). | Outcome 1.2: Active involvement of private sector in addressing sustainability challenges in the chocolate industry. | Outcome 1.3: The sustainability of cocoa is incorporated in the branding of ‘Chocolate from Belgium’ | Outcome 2.1: Lowering risks of private sector to invest in new innovations to address issues in main impact areas. | Outcome 2.2: Improved insights in best practices to realize the sustainability objectives of the partnership. |

| | | | | | |
|---------------------|--|---|--|---|---|
| Deliverables | <ul style="list-style-type: none"> * Steering committee representing the BC stakeholders meets at least 3 times per year * Active IDH engagement with relevant partners in Belgium and in EU and sourcing countries; * Partners hold each other accountable and learnings are shared. | <ul style="list-style-type: none"> * Theory of Change for the BC partnership updated and accepted; * A procedure is developed describing how partners can be excluded from the partnership if they do not live up to their commitments. * System to measure progress and sustainability effects based on verifiable KPIs is operational; * Organization of annual multi stakeholder workshop, working groups & round-table meetings. *By 2025, a self-sustaining financial model for BC is developed and validated (at the General Assembly) for the period 2025-2030. | <ul style="list-style-type: none"> * Collection, analysis and presentation of annual data on progress and impact; * Design of communication strategy and enable partners to effectively communicate with consumers and supply chain partners; * Website for Beyond Chocolate updated. | <ul style="list-style-type: none"> * Design, implementation and contract management of 2 calls for proposals for innovation projects in targeted cocoa production areas and/or sourcing ; * Mobilization of co-financing from private sector (of at least 67%). | <ul style="list-style-type: none"> * Best practices and lessons learned from >10 co-funded pilot projects shared and promoted within Beyond chocolate partnership; * Partners jointly invest and share resources in the adoption and scaling of best practices on sustainable cocoa. |
|---------------------|--|---|--|---|---|

IDH will hold partners accountable through monitoring and reporting on additional outcomes and deliverables in the period 2022 – 2025:

- By 2025, current living income gaps for cocoa farming households in West Africa supplying cocoa products for Belgian chocolate are halved⁸;
- Before the end of 2025 all chocolate produced and/or sold in Belgium is certified sustainable and/or is produced with cocoa sourced from a company sustainability program;
- The existing arrangements between Governments and private sector on the areas covered by the Cocoa & Forests Initiative are respected by the relevant stakeholders⁹ in the Beyond chocolate partnership.
- A strategy/plan is developed to ensure the private sector will fully close the living income gap between 2025 results and 2030.

3.2. The scope

The scope of the Belgian Sustainable Chocolate programme is agreed upon by the Beyond Chocolate partners and includes the following key elements:

Beneficiaries: 140,000 cocoa households¹⁰. Ninety per cent of the world's cocoa is grown on small scale farms by about six million male and female farmers in different tropical zones in West and Central Africa, Latin America and Asia. The cultivation, processing and selling of cocoa beans is a main source of livelihood income for these growers.

Target group: ca 140 cocoa cooperatives and/or SME's with on average a network of 1000 smallholders with cocoa as their main activity. To ensure inclusion of both male and female farmers, gender will be an important selection criterion and an important aspect of all innovations which will be tested with the cooperatives.

Target area: The main target area of the partners' support and sustainable sourcing activities will take place with cooperatives, SME's and cocoa farming families in West and Central Africa.

3.3. Main responsibilities

IDH will be appointed and financed by DGD, Brussels from its annual financial commitment to the partnership Beyond chocolate for a nearly four-year period (2022 – 2025).

IDH, the Sustainable Trade Initiative is uniquely positioned and committed to continue with the independent coordination, monitoring and communication role of the Belgian partnership for sustainable chocolate. IDH will share its international networks, experience, and knowledge on driving sustainability in international cocoa supply chains (see annexes for background details on the track record, in-house expertise, and network of IDH Sustainable Trade Initiative in the international cocoa sector). IDH will ensure that the momentum gained during the previous phase will be sustained and translated into more concrete actions.

In the sections below the main responsibilities and an outline of the organizational set-up, governance and planning of activities are described for the implementation phase.

⁸ Actual household income is estimated at 0,76€ /person/ day, for a typical household in cocoa producing regions of CDI (source: KIT study 2019), and 0.87€/person/day for Ghana. Living income benchmark for that typical household in CDI is estimated at 2,12 €/person/day. For Ghana, the Living Income benchmark is at 1,80€.

⁹ This applies to the cocoa traders, processors and brands that are signatory for CFI and Beyond Chocolate and excludes the Belgian chocolatiers and other SME's in the Belgian cocoa and chocolate sector.

¹⁰ 140,000 cocoa farming households in West Africa represent the estimated Belgian chocolate footprint (baseline study UGent).

The main responsibilities of IDH as overall coordinator of the partnership programme will include the following:

- I. *Coordination and convening* – the success of the program depends upon all stakeholders living up to their commitments as expressed in the letter of engagement, and work together in an aligned, effective, and efficient manner. This will require an active convening and coordinating role by IDH, working closely together with the Belgian government, the private sector organized in Choprabisco and the Belgian retail, NGOs, knowledge institutions, governments in the producing countries, other national platforms on sustainable cocoa (ISCO's) and other stakeholders.

The coordination and convening responsibility will also include the identification, co-funding and monitoring innovative sustainability projects in the cocoa smallholder production regions. The co-financed projects will directly and indirectly contribute towards the required impact in relation to farm income, labour conditions and forest conservation.

- II. *Monitoring, evaluation, and learning* – the purpose is to inform the partnership on the progress and impact of the different contributions and interventions and to hold partners accountable to their promised engagements. In addition, it is important to learn from implementation issues, signal new trends and make amendments to the existing strategies where necessary to ensure sustainability impact. Beyond Chocolate will continue to align these activities with the other European ISCO's.
- III. *Communication* – the purpose of the communication is twofold: (a) to align the different initiatives and contributions between the different partners; and (b) to enable partners of Beyond Chocolate to better inform Belgian consumers.

More information on how the different responsibilities will be implemented is included in chapters 4 and 5 below.

4. Alignment and supervision

4.1. Program management

IDH will continue to deploy a Senior Program Manager who will be in-charge of the Belgian sustainable chocolate programme. The Senior Programme Manager will be part of IDH's cocoa team of and will report directly to IDH's Director for Cocoa Markets. He/she will be able to draw upon the specific expertise of other IDH colleagues working on finance and credit, monitoring and learning, communication, etc.

In addition, the Senior Programme Manager will also liaise with IDH colleagues working in West Africa (Côte d'Ivoire, Ghana, Cameroon, Liberia) and other major cocoa production countries (including Indonesia).

The Senior Programme Manager will continue to be supported by a Senior Program Officer. Both will work from the IDH office in Brussels. Together their main responsibilities will include:

- Liaise with the partners of the 'Beyond Chocolate' programme on all matters related to programme implementation, progress and updates;
- Prepare calls for proposals for innovative co-funding projects that are additional to the ongoing sustainability activities;
- Organise the development of an efficient and effective monitoring and evaluation framework for the Belgian sustainability programme and collect and compile data accordingly;
- Prepare an annual progress and impact report for all partners of the Belgian sustainable chocolate programme;
- On a policy level, the Belgian project manager to IDH will actively cooperate in consultation with the competent directorates within the Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation to cover and advocate all policy areas at EU level. The relationships with, among others, the World Cocoa Foundation (WCF) and The International Cocoa Organization (ICCO) will be further explored.
- Develop, improve and regularly update the 'Beyond Chocolate' communication strategy together with the IDH Communication Officer;
- Implementation of the communication strategy through personal meetings / round tables, website and social media;
- Together with the IDH cocoa team and the Steering Committee organise and implement the annual progress meeting of the partnership;
- Mobilise additional support and partners for the Belgian sustainable chocolate programme;
- Organise and participate as secretary at the programme's Steering Committee (see section 4.2).

4.2. Governance

For strategic management issues the previously established Steering Committee will continue to function. The IDH Senior Programme Manager will be Secretary to this Committee and will call at least three times per year a meeting. Members of the Committee includes (a) DGD's PSD Policy Officer; (b) a representative of the Choprabisco Board¹¹; (c) a senior representative of a Belgian civil society organisation; (d) a senior representative of the Belgian supermarket chains; (e) a senior representative of one of the social impact funds / financial institutions and (f) a representative of the academic and research institutions.

¹¹ It is suggested to have in future two representatives of the cocoa trade and processing sector in the Steering Committee, one from the trade and processing companies and one from the manufacturing / chocolatier sub-sector; representatives do not have to be necessarily also member of Choprabisco.

The main responsibilities of the Steering Committee include the following:

- Approve strategic proposals prepared by IDH related to the design and implementation of the partnership programme, including the selection of priority regions, criteria for co-funding innovative projects, indicators for monitoring & evaluation, etc.;
- Review the annual progress report prepared by IDH and provide strategic advice on strengthening interventions and partnership arrangements;
- Advise on the strategic focus / orientation of the calls for proposals developed by IDH;
- Advise the IDH Senior Programme Manager on new developments and priorities in the Belgian chocolate sector and their impact on the programme;
- Participate at the annual progress meetings of the ‘Beyond chocolate’ programme;
- Mobilise external support to enhance the effectiveness and efficiency of the ‘Beyond chocolate’ programme.
- Ensure critical information about the partnership is shared with their respective constituencies.

In 2022, both the mandate and composition of the Steering Committee will be evaluated and reviewed, with the ambition to reinforce this strategic body for Beyond Chocolate, as well as to ensure good representation and representativity of partners.

In terms of operations, the ‘Beyond chocolate’ sustainability programme will be governed by IDH quality management systems for programme design and reporting, financial management and accounting, contracting, human resource management, etc. Details of IDH’s operational systems and procedures can be made available.



Figure 1: organizational set up of the Beyond Chocolate partnership programme

5. Implementation arrangements and priorities

In line with the partnership agreement, IDH's responsibilities as overall coordinator (see chapter 3 above) will continue to comprise the following main responsibilities:

- a) Coordinate and convene the different partners' activities and contributions, including the management of the Government co-financing of pilots and innovations in the cocoa supply chains;
- b) Measure verifiable progress and effects against a jointly agreed upon set of indicators;
- c) Communicate on the commitment and results of the different partners' activities and contributions.

The implementation of these three complementary responsibilities is further specified in the sections below. Based on the outcome and recommendations of the external evaluation by KIT the implementation arrangements and IDH responsibilities will not alter significantly. Where new priorities and initiatives are needed, this is explicitly mentioned in the sections below.

5.1. Coordinating and convening

Sustainable production and trade of Belgian chocolate will only be brought to scale when all stakeholders – smallholder producers and their organisations, local and international traders, cocoa processors, chocolatiers, retailers, and end-buyers – work together and all are committed to transform the business and market at the service of our joint sustainability ambitions. It is IDH's role to bring all players together and jointly design interventions that address most relevant supply and demand issues in the Belgian chocolate sector and formulate workable solutions that have benefits for all market players.

Within the context of the 'Beyond Chocolate' engagement signed by all the main public and private, profit and not-for-profit partners, the different co-signatories have already pledged their commitments (see section 2.3 above for a summary overview). IDH will have to oversee that these commitments are realised and furthermore that partners will work together so that synergy and impact at the level of the smallholder cocoa farming families is enhanced. Crucial elements of IDH's work are bringing partners together, facilitating the sharing of experiences, aligning different initiatives from cocoa processors, chocolatiers and/or retailers, linking knowledge institutes with supply chain partners, etc. as well as to strengthen the collaboration with other ISCO's.

New priorities and focus areas during 2022-2025:

- *A more elaborate theory of change will be developed by IDH and the SteerCo and validated during the General Assembly of Beyond Chocolate.*
- *Roadmaps on Living Income, Deforestation and Child labor will be developed at Beyond Chocolate or ISCO level with the aim to raise individual accountability. The roadmaps will be validated by the Steering Committee.*
- *IDH will continue to bundle efforts with the other ISCOs in the following fields:*
 - *Lobby work and creating a level playing field*
 - *Building partnerships with producing countries*
 - *Monitoring and evaluation – through the joint reporting tool and joint impact studies*
- *IDH will ensure the work done within Beyond Chocolate will align with producing country initiatives (e.g. CFI) and developments (e.g. living income differential, national traceability systems, ARS, ...). Producing country representatives and stakeholders are therefore invited to actively participate in working groups and events*
- *IDH will engage, in coordination with other ISCO's, in a dialogue with producing country governments to identify how to ensure alignment with local (development) plans and initiatives.*

Through the co-financing of “living income pilot projects”, IDH will also work with partners of ‘Beyond Chocolate’ on radical innovations that improve the effectiveness and efficiency of the existing sustainability initiatives in the Belgian chocolate sector.

We propose that 60% of the overall financial contributions by the Belgian Ministry of Foreign Affairs for the period 2022 – 2025 will be allocated to co-financing pilot projects proposed and implemented by ‘Beyond Chocolate’ partners. Grants will be made available as co-funding for projects that meet the criteria that were developed for previous calls for proposals from Beyond Chocolate partners (see text box below for a list of the main eligibility and selection criteria).

The thematic priorities of the new call for proposal will require approval of the Steering Committee. So far, the pilot projects focussed mainly on enabling cocoa farming families to increase their income through sustainable farming improvements. In the future call for proposals also other farm income improving measures within the context of the supply chain arrangements between cocoa farmers and their cooperatives on the one hand and downstream supply chain partners on the other will be given priority. This follows suggestions and recommendations listed in the recent mid-term evaluation report. IDH will consult with different partners and will formulate the thematic orientations for the next call for proposals for discussion and approval by the Steering Committee.

Main eligibility and selection criteria for co-funded pilot projects:

1. *The applicant of the project will have to be co-signatory to the ‘Beyond Chocolate’ engagement at the time of application*
2. *Proposed projects will contribute to the ambitious targets of the Belgium letter of engagement in terms of:*
 - 2.1. *Increased volume of chocolate produced and/or traded in Belgium that is certified sustainable and/or is produced with cocoa from the company’s own sustainability programs*
 - 2.2. *Arrangements between Governments in production countries and private sector on the areas covered by the Cocoa & Forests Initiative will be respected by the relevant stakeholders in the Beyond chocolate partnership*
 - 2.3. *140,000 cocoa producers earning at least a living income by 2030*
 - 2.4. *Further deforestation as a result of cocoa cultivation will have been halted;*
3. *Scalability of the innovation or improvement introduced through the co-funding project;*
4. *Additionality when compared to ongoing or planned sustainability activities in the cocoa sector;*
5. *Ability to provide co-funding and financial sustainability of the activities;*
6. *Cost-efficiency and effectiveness of the proposed interventions;*
7. *Proven track record and technical capacity of the implementing organisation(s);*
8. *Strengthening supply chain traceability links from source to Belgian market;*
9. *Projects with a minimum budget of Euro 750,000 and a maximum of Euro 1,500,000, with a minimum grant component of Euro 250,000 and a maximum of Euro 500,000¹.*

The focus of new co-financed pilot projects will be on measures and interventions leading to closing the living income gap of cocoa farming families. The secretariat of Beyond Chocolate will ensure projects implement holistic approaches and partners will be supported through tools & instruments (such as an income baseline assessment tool, income driver models, etc.).

There are several levers that can be addressed to improve incomes, especially among supply chain actors. These include cocoa productivity, production costs, price, and diversified incomes. The more these are addressed in combination, the higher chances there are to have an impact on improving farmer incomes. The Beyond Chocolate partnership is looking for projects that test scalable high impact models to close the living income gaps.

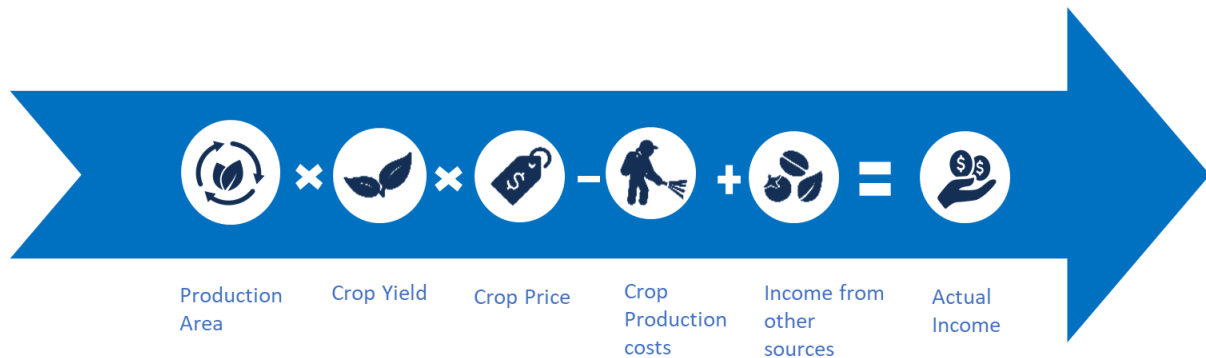


Figure 2: Living income drivers

The procedures and formats for the calls for proposals, contracting, reporting, and monitoring developed by IDH in the past years will be reviewed and simplified where possible to reduce the workload for implementers as well as secretariat. The main procedural steps will remain as before (see figure 2 below). The existing Project Review Committee will be requested to review and make the final recommendation for co-funding the different proposals. As before DGD will have to give its final consent to the projects recommended for co-funding prior to contracting. The maximum percentage of grant funding is in principle 33%; the remainder will have to be paid by the implementing partner(s). In the case of smaller and highly innovative projects a co-funding percentage of 50% may be considered.

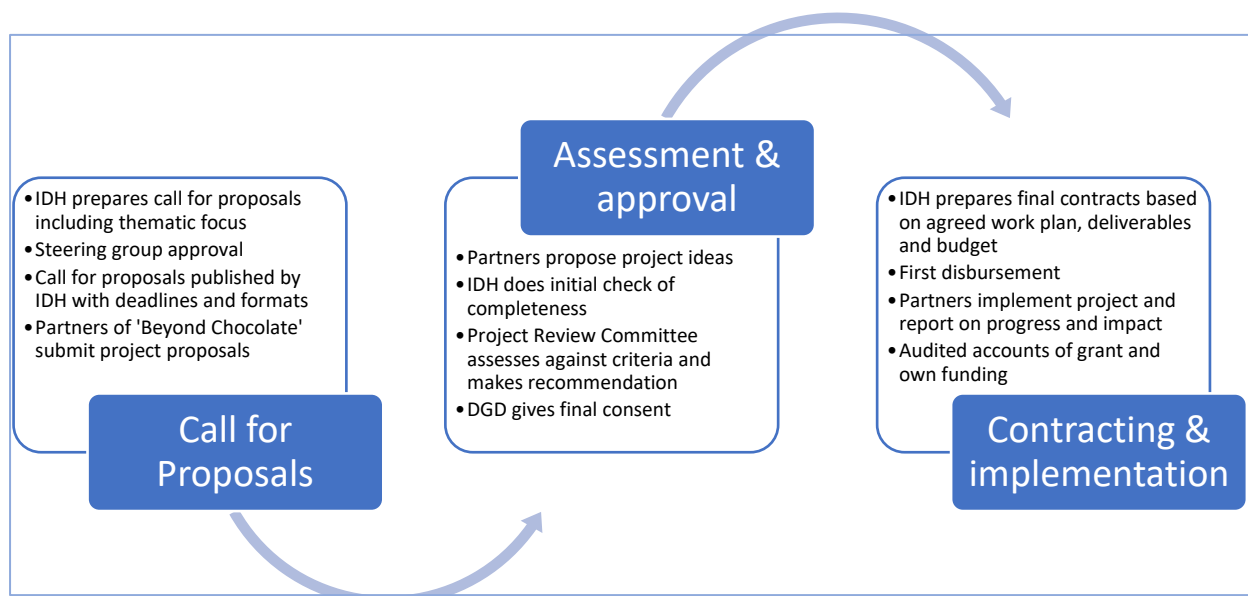


Figure 3: Project selection and co-funding process

Upon contracting and disbursement of the first instalment of the grant funding IDH will start with the monitoring of the implementation process for the pilot project. The monitoring will cover the quality of the implementation process, the sustainability effects, and the financial accounting.

The own contribution by the implementation partner(s) will have to be accounted for in the same way as the use of the grant allocation will have to be accounted. An independent auditor will check the grant utilisation and own contribution.

For new pilot projects IDH will explore together with the implementing partners the main lessons learnt and how to scale the outcomes. The main results and insights will continue to be shared within the Beyond Chocolate partnership. IDH will facilitate this process and enable the project partners to communicate their lessons learnt.

New priorities and focus areas during 2022-2025:

- *IDH will enhance the effectiveness and efficiency of the ongoing and new pilot projects co-funded by DGD in terms of learning, scaling and ease of implementation.*
- *The review of the wider theory of change of Beyond Chocolate will include a strengthening of the co-financing instrument*

5.2. Monitoring, evaluation, and learning

Monitoring and evaluation of the partners' progress and achievements is an essential element of the 'Beyond Chocolate' programme and is highly complementary to the convening responsibility of IDH. During the first phase of Beyond Chocolate, the following system for Accountability, Monitoring and Evaluation was developed:

- **Theory of Change:** At the core of the monitoring and evaluation methodology is an intervention logic for the partnership so that the joint sustainability targets can be achieved
- **Monitoring:** Key Performance Indicators (KPIs; see text box) from the partners' programs and the co-funded projects are used for annual monitoring on progress.
- **Third-party evaluations:** periodically, independent researchers evaluate the effectiveness of Beyond Chocolate. The midterm evaluation was conducted by KIT in November 2021 – February 2022. The end evaluation is scheduled for the second half of 2025 (see section 5.5 below).

Key performance indicators:

At impact level:

- a) Volume of chocolate produced and/or traded in Belgium that is certified sustainable and/or is produced with cocoa from the company's own sustainability programs;*
- b) Number of cocoa growers supplying Belgian supply chains who earn at least living income;*
- c) Percentage of living income gap closure;*
- d) Area under forest cover in cocoa production regions supplying Belgian supply chains*

At operational level:

- e) Number of 'Beyond Chocolate' partners*
- f) Number of co-funded sustainability initiatives and projects*
- g) Level of co-funding and contribution realized by private partners in the Belgian chocolate sector*

The mid-term evaluation by KIT gives concrete recommendations to strengthen Beyond Chocolate's AME framework (see chapter 1). For the next phase, IDH will plan to undertake the following:

- a) Further develop and refine the Theory of Change that also shows the expected steps towards Beyond Chocolate's commitments and further specifies the spheres of control and influence of the partnership. To ensure the ToC is known, accepted, and owned by the partners, the review and redesign will be led by the Steering Committee and a small group of experts from partners in Beyond Chocolate.

- b) Strengthen the monitoring system to better capture the attribution of the Beyond Chocolate partnership to sector change and sustainability effects in the cocoa producing countries.
- c) Together with other ISCO's, co-finance "household impact studies" allowing to measure progress on the ground. These impact studies should be complementary to the individual reporting of the Beyond Chocolate partners.

The outcomes of the monitoring and evaluation activities and impact research are a crucial element of the communication strategy. Also the reports of the impact research will be disseminated to ensure that existing and future partners of the 'Beyond chocolate' programme as well as the wider community will be informed on the progress made by the program and that accountability and transparency in the sector are strengthened. Consequently, monitoring and evaluation will play a major role in convening and coordination with all stakeholders.

New priorities and focus areas during 2022-2025:

- *Strengthen the theory of change and more direct attribution of the partnerships' activities in relation to the impact at cocoa farming level (particularly in terms of income)*
- *Closer collaboration with other ISCO's in Europe on monitoring:*
 - *Standardized data collection: Joint Monitoring & studies*
 - *Joint knowledge exchange*

5.3. Communication and stakeholder involvement

Regular communication with partners of the 'Beyond chocolate' programme and other stakeholders is important to keep up the momentum of the programme and to stimulate new contributions and improvements to the ongoing sustainability initiatives. IDH's Communication and Outreach strategy and tools will be used to engage partners to participate actively in the Beyond Chocolate Programme, inspire them to adopt sustainable business models and empower them within their function. The IDH programme manager will have an important role to develop the content for the partnership's communication strategy and to organise and participate in formal and informal discussions, round-table meetings, annual multi-stakeholder workshop, etc.

Given the important position of the 'Beyond chocolate' programme in the Belgian international development support landscape, the programme's communication activities will have to inform and stimulate debate on sustainability, private sector involvement, partnerships, etc. Key elements of IDH's communication activities will include:

- Social media, website and items in the conventional media aimed at increasing visibility in the Belgian and international public domain, initiating and participating in public debates, etc.;
- Communications aimed at 'learning' and awareness raising through supporting and disseminating publications, co-organizing and participating in discussions and workshops, organizing webinars and podcasts; annually a multi-stakeholder event will be organised where IDH will present the progress report and will present an agenda aimed at stimulating innovation and responsiveness to new sustainability challenges and opportunities;
- Developing new materials to bring the programme to new audiences, such as impact investors, banks, new donors and other potential partners and financiers.

5.4. Implementation planning

The IDH Senior Programme Manager supported by the Programme Officer will develop each year an annual work plan, incorporating new issues and challenges that have arisen in the previous period. The main recurrent elements of the annual work plans are listed in the table below and will be elaborated upon for each implementation year. The draft annual plans are discussed and approved by the Steering Committee. The annual reports will reflect on the implementation and results. These reports are shared with all Beyond Chocolate partners.

| | Subjects | Activities |
|----|---|---|
| 1. | Monitoring & evaluation | 1.1. Data collection based on KPI |
| | | 1.2. Data analyses and compilation |
| | | 1.3. Contract experts for impact research / independent surveys |
| | | 1.4. Publication of results |
| 2. | Calls for proposals for co-funding projects | 2.1. Draft and publish call for proposals |
| | | 2.2. Steering Committee meets and selects criteria |
| | | 2.3. Assess concept notes and rank based on criteria |
| | | 2.4. Communication with all applicants |
| | | 2.5. Brief successful applicants on full proposal requirements |
| 3. | Full proposals | 3.1. Coach applicants with full proposal formulation |
| | | 3.2. Assess full proposals submitted |
| | | 3.3. PRC meets and selects qualifying proposals |
| | | 3.4. Finalise targets, budget, etc. with selected applicants |
| 4. | Contract management | 4.1. Contracting selected applicants |
| | | 4.2. Fund disbursement as per contracts & progress |
| | | 4.3. Overseeing pilot project implementation progress and quality |
| | | 4.4. Review of the implementing partners' progress reports ¹² |
| 5. | Communication | 5.1. Annual progress report |
| | | 5.2. Organise & implement round table discussions and an annual multi-stakeholder / partnership event |
| | | 5.3. Provide data and information for partners ¹³ |
| | | 5.4. Update website and social media |

5.5 External review

An external review of the implementation progress by IDH and impact of the partners' interventions is scheduled for mid-2025.

The review will be implemented independently from IDH and any the partners in the Beyond Chocolate partnership and will report back to DGD and the Steering Committee on the effectiveness of IDH in implementing its three main responsibilities (coordination & convening, monitoring &

¹² Bi-annual progress reporting on implementation progress, fund utilisation and own contribution and sustainability effects

¹³ Based on requests from DGD, Choprabisco, etc.

evaluation, communication). As a benchmark for IDH's effectiveness and efficiency the external evaluator will assess to what extent the deliverables for both outcome areas as indicated in the text box below will have been achieved.

In addition, the external reviewer will assess the sustainability effects of the combined interventions of the partners. The main impact targets to be achieved by 2025 for which the partnership is jointly responsible are also listed in the text box overleaf.

Deliverables Belgian Sustainable Chocolate Program (2025):

At implementation level:

Outcome 1: convene and facilitate the Belgian cocoa industry in the implementation of the commitments on sustainability issues

1. Theory of Change for Beyond Chocolate is further developed and approved by the Steering Committee and the General Meeting in 2022;
2. The mandate and the composition of the Steering Committee is reviewed and validated by the General Meeting;
3. The Beyond Chocolate partnership's Steering Committee continues to provide direction as per the mandate and required schedule;
4. Number of co-signatories of the Beyond Chocolate partnership has remained stable or increased when compared to September 2021;
5. Progress of the Beyond Chocolate partnership is monitored and annually reported upon in terms of sustainability effects and operational levels;
6. At least two annual Beyond Chocolate Partnership workshops and learning events have been conducted and were attended by a majority of the Beyond Chocolate partner organizations;
7. An updated plan and viable funding strategy for the final five years of Beyond Chocolate (2026-2030) is prepared by mid-2025.

Outcome 2: To improve effectiveness and efficiency of existing (private) sustainability initiatives in the Belgian chocolate sector

8. One additional call for proposals successfully implemented and implementation partners for 3-4 co-funded projects are contracted;
9. Finalization and reporting on 8 ongoing and 3-4 newly funded projects before the end of 2025;
10. Co-funding of >60% from partners of projects secured, reported upon and audited;
11. Pursuing living income objective is operationalized in projects with partners;
12. The projects are monitored and reported upon, and lessons are shared within 'Beyond Chocolate';
13. Before the end of 2023 the first supply contracts between cocoa processors and chocolatiers and brands producing Belgian Chocolate include a specification of the living income standard as part of the supply criteria.

At impact level:

14. Volume of chocolate produced and/or traded in Belgium that is certified sustainable and/or is produced with cocoa from the company's own sustainability programs has increased from 60% (2021) to 100% (2025);
15. The relevant stakeholders in the Beyond chocolate partnership (cocoa trade and processing companies in particular) are fully aware of the arrangements within Cocoa & Forests Initiative and have made operational plans accordingly;
16. Outreach of projects and other sustainability initiatives by 'Beyond chocolate' partners include at least 140,000 smallholder cocoa farmers;
17. By 2025, current living income gaps for cocoa farming households in West Africa supplying cocoa products for Belgian chocolate are halved.

6. Cost-estimate and funding

| Coordinate and convening of the different partners' activities and contributions, including the management of the Government co-financing of pilots and 1 innovations in the cocoa supply chains | 2022 | 2023 | 2024 | 2025 | Total |
|---|------------------|--------------------|------------------|------------------|--------------------|
| 1.1 Staff costs | € 90,225 | € 110,000 | € 115,500 | € 121,275 | € 437,000 |
| 1.2 Travels & Accommodation | € 25,000 | € 5,000 | € 25,000 | € 5,000 | € 60,000 |
| Subtotal 1 | € 115,225 | € 115,000 | € 140,500 | € 126,275 | € 497,000 |
| | | | | | |
| Measure the verifiable progress of the partnership commitment and effects against a jointly agreed upon 2 set of indicators | 2022 | 2023 | 2024 | 2025 | Total |
| 2.1 Design of the framework and reporting tool | € 20,000 | € 30,000 | € 40,000 | € 20,000 | € 110,000 |
| 2.2 Measurement & communication | € 36,000 | € 36,000 | € 36,000 | € 36,000 | € 144,000 |
| 2.3 External Evaluation | € - | € - | € - | € 90,000.00 | € 90,000.00 |
| Subtotal 2 | € 56,000 | € 66,000 | € 76,000 | € 146,000 | € 344,000 |
| | | | | | |
| Communicate on the commitment and results of the 3 different partners' activities and contributions | 2022 | 2023 | 2024 | 2025 | Total |
| 3.1 General communication | € 8,000 | € 8,000 | € 8,000 | € 8,000 | € 32,000 |
| 3.2 Website | € 1,000 | € 1,000 | € 1,000 | € 1,000 | € 4,000 |
| 3.3 Events | € 17,000 | € 17,000 | € 17,000 | € 17,000 | € 68,000 |
| Subtotal 3 | € 26,000 | € 26,000 | € 26,000 | € 26,000 | € 104,000 |
| | | | | | |
| 4 Other management costs | 2022 | 2023 | 2024 | 2025 | Total |
| 4.1 Finance support | € 9,000 | € 9,000 | € 9,000 | € 9,000 | € 36,000 |
| 4.2 Legal support | € 4,000 | € 5,000 | € 5,000 | € 5,000 | € 19,000 |
| Subtotal 4 | € 13,000 | € 14,000 | € 14,000 | € 14,000 | € 55,000 |
| | | | | | |
| Subtotal Other Costs | € 210,225 | € 221,000 | € 256,500 | € 312,275 | € 1,000,000 |
| | | | | | |
| 5 Co-funding | 2022 | 2023 | 2024 | 2025 | Total |
| 5.1 Project first round for proposals | | € 1,500,000 | | | € 1,500,000 |
| Subtotal 5 | € - | € 1,500,000 | € - | | € 1,500,000 |
| | | | | | |
| Total program budget requested DGD | € 210,225 | € 1,721,000 | € 256,500 | € 312,275 | € 2,500,000 |
| | | | | | |
| 6 Private contribution | 2022 | 2023 | 2024 | 2025 | Total |
| 6.1 Total private contribution (67%) | € - | € 3,000,000 | € - | | € 3,000,000 |
| Subtotal 6 | € - | € 3,000,000 | € - | | € 3,000,000 |
| | | | | | |
| Total spending | € 210,225 | € 4,721,000 | € 256,500 | € 312,275 | € 5,500,000 |
| | | | | | |
| Disbursement DGD | € 250,000 | € 900,000 | € 900,000 | € 450,000 | € 2,500,000 |
| | | | | | |
| Balance | € 39,775 | € 679,000 | € 643,500 | € 137,725 | € 1,500,000 |